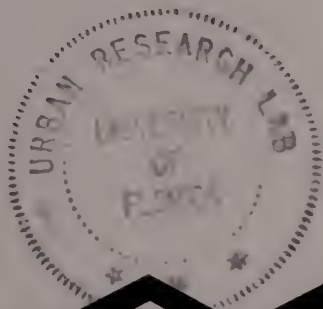


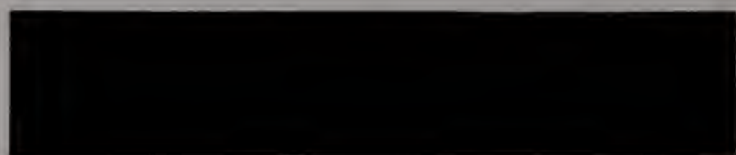
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# HOUSING

THE REGIONAL VIEW



South Florida Regional Planning Council



## THE REGIONAL VIEW

June, 1975

South Florida Regional Planning Council  
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## THE REGIONAL VIEW

The South Florida Region has many of the same housing problems identified in other parts of the country. Unique to South Florida, however, are housing problems that are rooted in the diverse character of a Region that includes the glamor and density of the "Gold Coast", the environmental sensitivity of the Florida Keys and the Everglades, heavy seasonal tourism, and intensive agriculture that demands a continually mobile labor supply for a year-round growing season.

### Housing Needs

South Florida's diverse nature also makes housing problems more complex. There are essentially three major groups with varying tastes and financial capabilities that need to be served by the housing market: permanent residents who need all types and price ranges of year-round housing; second home and seasonal residents who own or rent units occupied only part of the year; and migrant farm workers who need low rent housing in several areas of the Region at various times during the year. The kind of housing needed and the affordable cost range varies with each of these groups. Migrant farm workers compete with permanent residents for scarce low and moderate income housing in the Region. Second-home-owners and seasonal residents increase the demand for middle, upper middle and upper income housing both in the rental and sales market. Second-home and seasonal demand is not constant, however. Instead, it fluctuates with economic conditions, making future demand difficult to forecast.



## Needs of an Increasing Population

Knowledge of the total population and the number of households\* within that population is necessary to anticipate the number of housing units needed. The population in South Florida, however, fluctuates with the tourist season and with agricultural cycles. Estimates of the permanent population provide a starting point for estimating population growth and anticipating housing needs.

From 1970 to 1974 South Florida's population grew 16.1 percent, from 2,368,400 to 2,749,900.<sup>1</sup> A Census study covering the same time period showed Florida grew faster than any other state in the nation.<sup>2</sup> The study went on to say:

People over 30 who are not at retirement age move out of Florida at a pace about equal to that of people of their same age moving back in. ...by contrast, for every retirement age person moving out of the state, as many as nine retirees move to Florida, ...and for every 18-30 year old leaving Florida about 1.3 young people from other areas move here.<sup>3</sup>

In 1970, the Region had 821,600<sup>4</sup> households. By January, 1974, this number had grown 26.1 percent to 1,036,300 households.<sup>5</sup> This growth in the number of households with only a 16.1 percent increase in total population meant a slight drop in the number of persons per households from 2.8<sup>6</sup> to 2.7.\*\* This drop probably reflects more elderly households, more single-person households (both young and old), and fewer children per family. (See Table 1 for a population summary.)

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\* Household - A household consists of all the people occupying a house, an apartment or other group of rooms, or a room which meets the definition of a housing unit under the 1970 Census. Members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

\*\*Note: Persons per household is distinct from persons per dwelling unit. See technical Appendix 7 for further explanation of difference.





TABLE I: POPULATION DATA SUMMARY

	1970 Population	1970 Households	1970 persons per Hsld.	Jan, 1974 Population	1974 Households	1974 persons per hsl'd.	Percentage Population Change	Percentage Household Change	Number Population Change
Broward	620,100	223,200	2.8	755,000	319,000	2.4	+21.8	+42.9	134,900
Dade	1,267,800	429,300	2.9	1,417,700	508,100	2.8	+11.8	+18.4	149,900
Martin	28,000*	10,400*	2.7*	50,800	18,800	2.7	*	*	*
Monroe	52,600	18,100	2.9	51,400	18,000	2.9	- 2.3	- 0.55	-1,200
Palm Beach	349,000	123,900	2.8	417,000	152,000	2.7	+19.5	+22.7	+68,000
St. Lucie	50,900	16,900	3.0	58,000	20,400	2.8	+14.1	+20.7	+7,100
Regional TOTALS	2,368,400 (including Martin Co. 1970 data)	821,800 (including Martin Co. 1970 data)	2.8	2,749,900	1,036,300	2.7	+16.1 (including Martin Co. 1970 data)	+26.1 (including Martin Co. 1970 data)	+381,500 (including Martin Co. 1970 data)

\*See Technical Appendix 4, Martin County for explanation of data problems and methods.



More than 92 percent of the population growth occurred in Dade, Broward and Palm Beach counties. The remaining population growth between 1970 and January, 1974, (approximately 28,700 people) took place in Martin and St. Lucie counties. Monroe County lost an estimated .5 percent of its population (1,200 people) during this time, mostly due to the cut-back at the Key West naval base.

Population will continue to grow in South Florida with the metropolitan counties absorbing the majority of additional population in the foreseeable future. Martin and St. Lucie county rates of growth will continue to rise as available land in Dade, Broward and Palm Beach counties is absorbed and during the 1980's could be the focal point for population growth. Monroe County population will probably have the lowest amount and rate of growth over the long run with some short-term fluctuations. Environmental constraints, declining influence of the military, and a limited economic base will limit the growth rate there.

#### Demand and Supply

Middle, upper middle and upper income households are generally able to convert their needs into realizable market demand due to their financial capabilities. During the last decade South Florida's building industry has responded primarily to the needs, demands and tastes of upper and upper middle income families, particularly those accepting condominium-style living. The housing problem in South Florida is not only an overbuild of condominiums, however; it is also a reflection of an economic situation which affects demand and supply.



Population growth in South Florida was expected to continue to create demand for condominiums and, to a lesser extent, other types of housing. Population continued to flow into South Florida despite pressures from the economic slump in 1974 and 1975, but the rate of growth tended to slow, thereby reducing the expected demand of middle, upper middle and upper income households for housing.

Projections of market demand for condominiums based on 1973 activity levels led to heavy speculation, inflated prices, and an oversupply of units priced above \$30,000. As a result, South Florida has an existing supply of condominiums which will last for at least two years at 1974 buying rates.<sup>10</sup>

This situation is aggravated by the failure of middle income buying power to stay ahead of inflationary pressures. Middle income demand has essentially been priced out of the sales market in South Florida and restricted to the rental market.

Meanwhile, demand for rental apartments in South Florida's major markets was not met.<sup>7</sup> Many apartments were converted to condominiums, adding to both the rental shortage<sup>8</sup> and the condominium over-supply. This, in turn contributed to an increase in rental costs due to scarcity. This trend has started to reverse itself in the second quarter of 1975. Many new condominiums are now converting to rental apartments in order to recover and avoid foreclosure.<sup>9</sup> But while the middle income rental market is beginning to open up, the majority of low and moderate income households still cannot afford current rental prices without spending an overly large share of their income on housing.





In January, 1974, the Region had an estimated total of 1,170,700 dwelling units and approximately 1,036,300 permanent households. This suggests 134,400 units were either seasonally occupied or vacant. This number represents just over 11 percent of all housing units in South Florida. Surveys indicate that many vacancies or seasonally occupied units are condominiums. Second quarter reports for 1975 show at least 42,300 empty units are condominiums and 7,000 are rental apartments.<sup>11</sup> Despite the high number of empty units, the supply is starting to be reduced due to fewer completions, forcing use of the existing housing stock.

The South Florida building industry has been hard hit by speculative building for an anticipated demand that failed to completely materialize when economic pressures inflated costs beyond the rise in household buying power. This resulted in a tremendous overbuild of condominiums and foreclosure of many new housing developments. Price wars in some of the hardest hit areas of the Region have forced even more housing units into foreclosure.<sup>12</sup> Future building activity is expected to be much more cautious with speculative building unlikely ever to reach its pre-1974 level. This would have a significant impact on the amount of construction employment that is available in the Region.

### Rising Costs

Rising construction and land costs have contributed to inflating the price of new units beyond the reach of a majority of South Florida households.<sup>13</sup> The cost of all types of housing has increased more than 40 percent since





1970.<sup>14</sup> The average price of a new single-family home in Florida, including land, has increased 48 percent since 1970.<sup>15</sup> This means that a unit costing \$30,000 in 1970 is now priced at more than \$42,000. The average cost of a single-wide, 60-foot mobile home, excluding land, has increased 40.8 percent.<sup>16</sup> While figures for South Florida alone are not available, the average price of rental apartments across the State increased more than 43 percent.<sup>17</sup>

Home sales in South Florida were low during all of 1974. The decline in home sales was due not only to rising prices, but also to lack of economic security resulting from rising unemployment. Unemployment rose from 3.2 percent in 1973, to over 13 percent by May, 1975.<sup>18</sup> In these circumstances, many families are not willing to take the financial risk of a new home purchase.

Construction is an unusually important part of the economy in South Florida. It employs just under 10 percent of the work force in the Region--more than double the national average. Unemployment in the construction trades was about 25 percent by the end of March, 1975.<sup>19</sup> With the oversupply of condominiums in South Florida, housing construction is not expected to pick up until well after the rest of the economy, possibly not until late 1976.<sup>20</sup> Office, commercial and industrial construction cannot be expected to absorb all unemployed construction workers. As a result, unemployment in the Region will likely remain 1 1/2 to 2 1/2 percent higher than the national average for some time after the general economic recovery.



This means a substantial number of people will continue to be out of work and unable to afford current housing prices.

#### Income Limits - Who Can Afford the Market

While housing costs have gone up more than 40 percent from 1970 to 1974, the average household Effective Buying Income\* rose only some 20 percent in Dade, Broward and Palm Beach counties and an average of 13 percent in Martin, Monroe and St. Lucie counties.<sup>21</sup> If the effect of inflation is removed to show the actual amount of income change in constant 1967 dollars, the average household Effective Buying Income in Dade, Broward, and Monroe counties rose about 7.3 percent while it went up more than 20 percent in Palm Beach County. The average household income in Martin and St. Lucie counties did not keep up with inflation between 1970 and 1974. (See Table 2) Thus, while household income is rising, it is not keeping pace with more rapidly rising housing costs or prices.

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\* Effective Buying Income is generally equivalent to disposable personal income or net income. For the complete definition, see Technical Appendix 6.



Table 2: Average Household Effective Buying Income in 1967 Constant Dollars

County	constant dollars		1970 - 1974 % change	\$ amount change
	1970	1974		
Broward	\$8933	\$9697	+ 8.5%	\$ 764 gain
Dade	\$8634	\$9182	+ 6.4%	\$ 548 gain
Palm Beach	\$8208	\$9900	+20.6%	\$1692 gain
Martin	\$7626	\$7381	- 4.0%	\$ 245 loss
Monroe	\$7499	\$8040	+ 7.2%	\$ 541 gain
St. Lucie	\$7616	\$7559	-0.75%	\$ 57 loss
Regional Average	\$8087	\$9357	+15.7%	\$1270 gain

When households in each County are divided into five equal groups or quintiles (low, moderate, middle, upper middle and upper income groups),\* the income limits provide a basis for comparing financial capabilities. Table 3 shows that the 3,760 middle income households in Martin County, for example, earned between \$5,735 and \$8,425 in 1974. In contrast, neighboring Palm Beach County had 30,400 middle income families earning from \$7,508 to \$11,310 a year. Consequently, the 30,400 middle income families in Palm Beach County are more financially capable of meeting their housing needs than the 3,760 middle income families in Martin County if housing costs are roughly the same.

\* For quintile method see Technical Appendix 6.



TABLE 3: EFFECTIVE BUYING INCOME BY HOUSEHOLD GROUP, 1974 (current dollars)

County	# households per group	low	moderate	middle	upper middle	upper	average household income
Broward	63,800	\$ 0 - 4,351	\$ 4,352 - 7,509	\$ 7,510 - 11,005	\$11,006 - 17,124	\$17,125 +	\$12,912
Dade	101,620	\$ 0 - 4,110	\$ 4,111 - 7,424	\$ 7,425 - 10,769	\$10,770 - 15,915	\$15,916 +	\$12,227
Martin	3,760	\$ 0 - 3,013	\$ 3,014 - 5,734	\$ 5,735 - 8,425	\$ 8,426 - 13,105	\$13,106 +	\$ 9,744
Monroe	3,600	\$ 0 - 3,851	\$ 3,852 - 6,799	\$ 6,800 - 9,635	\$ 9,636 - 14,313	\$14,314 +	\$10,706
Palm Beach	30,400	\$ 0 - 4,062	\$ 4,063 - 7,507	\$ 7,508 - 11,310	\$11,311 - 17,903	\$17,904 +	\$13,183
St. Lucie	4,080	\$ 0 - 3,014	\$ 3,015 - 5,928	\$ 5,929 - 8,981	\$ 8,982 - 13,971	\$13,972 +	\$10,065
Regional Average	34,543	\$ 0 - 4,120	\$ 4,121 - 7,386	\$ 7,387 - 10,811	\$10,812 - 16,441	\$16,442 +	\$12,460







The majority of 1974 sales activity in South Florida was limited to the top 40 percent of all households - the upper and upper middle income resident families plus seasonal households that could afford the sales market. Less than 30 percent of all households could afford to buy a new single family home in South Florida. But upper and upper middle income housing demand is still met reasonably well by the sales market and these households continue to have a variety of housing choices.

Middle income needs, on the other hand, are not met as well. Middle income families in South Florida generally earn between \$7,400 and \$10,800 a year and can no longer afford to buy most single family homes. Therefore, families in this income bracket must turn to condominium units in the \$18,500 to \$27,000 price range in order to purchase a home. Since family units in this range are limited, the majority of middle income families must rent.

Low and moderate income households earned less than \$7,400 a year in January, 1974. These families make up 40 percent of the households in the Region. The vast majority of them must pay more than 25 to 30 percent of their monthly income for housing. This is generally considered to be an overly large share of income for a low or moderate income family to pay for housing and still have enough money left to meet general living expenses each month.

Many low and moderate income families solve the problem of high housing costs by doubling up with other households in units suitable for only one family or by living in substandard housing. In 1970, approximately 11.5 percent of the 881,460 dwelling units in South Florida were over-crowded



(more than one person per room) or lacked some or all plumbing facilities. By U.S. Bureau of Census standards these living conditions are inadequate.<sup>22</sup> If the number of substandard or overcrowded units did not increase substantially after 1970, almost 9 percent of the estimated 1,170,700 housing units in the Region in January, 1974, were overcrowded or substandard. If, on the other hand, the 1970 percentage remained constant, there were 11.5 percent or approximately 134,600 overcrowded or substandard units in South Florida by January, 1974.

The 20,195 units of government subsidized rental housing in South Florida meet the needs of only 4.9 percent of the 414,520 low and moderate income families. This supply is being supplemented by several hundred more units of public housing for which financing was committed prior to the passage of the Housing and Community Development Act of 1974. Further addition to the supply of low and moderate income housing will depend on limited funds available under the new Act.

### Special Housing Needs

A segment of the population whose housing needs are often overlooked is the elderly. In 1970, 15.3 percent of South Florida's population was 65 years old or over.<sup>23</sup> The majority of older persons lived in Broward (111,200 persons or 17.9 percent of total population), Dade (172,700 or 13.6 percent of total population) and Palm Beach (60,400 or 17.3 percent of total population).<sup>24</sup> The amount of elderly people has increased beyond 15.3 percent of the population in the four years between 1970 and January, 1974.



A 1974 Census study already cited reported that for every retirement age person leaving Florida as many as nine retirees move in.<sup>25</sup> A substantial number of these individuals are coming to South Florida.

Elderly people with an adequate income that will keep up with inflation have no special housing problems. But the elderly poor living on fixed incomes need inexpensive housing with good access to medical facilities and social services. Since many elderly poor are too proud to ask for help, the magnitude of their need is often underestimated.<sup>26</sup>

Migrant farm workers in South Florida experience the most difficult housing problems in the Region. They must rely upon the availability of low rent housing or grower-provided units wherever they work. Many migrant families are trying to settle permanently in South Florida, but the lack of low priced housing makes it extremely difficult. Overcrowding is common. Migrants are often forced to live temporarily in their cars and trucks or move into an already crowded unit for lack of any other readily available shelter. Compounding migrant needs is the requirement for housing in more than one part of the State in order to work the crops. Even if a family has a permanent home in South Dade, family workers still need temporary housing in, Palm Beach, Martin, or St. Lucie counties when work moves to those areas. The amount of housing provided is insufficient and the quality is often deteriorated or inappropriate for family occupancy.



## Conclusion

Housing problems in South Florida are complex due to the diverse nature of the Region and its population. The building industry expected and built for a continuing influx of middle, upper middle and upper income households that wanted condominium-style living. Speculation along with economic pressures and a fluctuating demand led to an over-build of condominiums that may last until mid-1976.

At the same time, low and moderate income household needs have not been met due to inflation and rising development costs. Between 1970 and 1974, housing costs increased more than 40 percent, while household income increased generally less than 20 percent. This, coupled with the pressures of rising unemployment, effectively excluded most middle income households from the sales market and forced them into a rental market that has been tight up until early 1975.

Apartment conversion to condominiums not only restricted the rental market and inflated prices of remaining units, but also contributed to the excess supply of condominiums and the general shortage of low and moderate income housing.

A housing shortage co-existing with a condominium overbuild presents problems that require cooperative efforts by both the private and public sector. Many developers are aware of the need for lower priced units, but cooperative efforts between government and the housing industry are required if prices are to be reduced to a range which will be affordable by families and individuals with average or lower incomes.







## FOOTNOTES

1. Total from estimates of individual county populations.
2. Miami Herald, "Florida's Growth Tops the Nation," op. cit. R. Sachs, 10/23/74, p. 1,10A.
3. Ibid.
4. 1970 Census of Population, Florida, Detailed Characteristics.
5. Computed from county totals.
6. 1970 Census of Population, Florida, Detailed Characteristics.
7. Land Use Digest, vol. 7, no. 11, Nov. 1974.
8. Ibid.
9. Miami Herald, "Foreclosures Up in Price War Area", Wayne Markham, June 22, 1975, p. 21K.
10. Florida Trend, Feb. 1975, p. 18.
11. Miami Herald, "Condo Picture Improves Slightly", Wayne Markham, June 22, 1975, p. 19K.
12. Miami Herald, "Foreclosures Up in Price War Area", op. cit., p. 21K.
13. Wm. Safreed, Executive Director, Builder's Association of South Florida, letter response to a questionnaire.
14. Housing in Florida, 1975, State of Florida, Dept. of Community Affairs, vol. 1, p. 20.
15. Ibid., p. 20.
16. Ibid., p. 20.
17. Ibid., p. 20.
18. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, phone conversation, June, 1975.
19. Ibid.
20. Miami Herald, "Early Recovery for Housing in Doubt", Wayne Markham, Feb. 20, 1975, p. 1.
21. Sales Management, A Survey of Buying Power, July 1971 and July 1974.
22. 1970 Census of Population, Florida, Detailed Characteristics
23. Ibid.
24. Ibid.



FOOTNOTES (Cont'd)

25. Miami Herald, "Florida's Growth Tops the Nation", Ron Sachs, Oct. 23, 1974, p. 1, 10A.
26. Rbt. Knittel, Ph.D., Gulfstream Council on Aging, conversation, Feb., 1975.



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## Broward County

Broward County was one of the fastest growing counties in the United States between 1960 and 1970. The 1970 Census reported Broward County had 620,100 people in an estimated 223,200 households.<sup>1</sup> By January, 1974, Broward County's population had grown by 21.8 percent to an estimated 755,000\* permanent residents with a seasonal population bringing this total above 800,000. Households grew even faster to an estimated 319,000\* year round households. This is an increase of 95,800 households, or 42.9 percent, from 1970 to January, 1974. The number of persons per household appears to have dropped from 2.8 persons in 1970 to 2.4 in 1974. (Note: An explanation of the difference between persons per household and persons per dwelling unit is available in Technical Appendix 7.)

Broward County is estimated to have had approximately 370,000 housing units at the beginning of 1974.<sup>2</sup> By mid-1974 this total rose to more than 385,000.<sup>3</sup> With a total of some 319,000 households at the start of 1974, there were apparently 51,000 more units than households. It is quite likely that a large portion of these units were constructed in the condominium boom in 1973 and came on the market late in the year or early in 1974 when the economy slumped and the condominium market was already saturated. Undoubtedly, a number of these units were seasonally occupied second homes.

In 1973, 90.4 percent of all permits issued in Broward County were for multiple family units. The number of these permits increased by 14,039

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\* See Technical Appendix 3, Broward County for method.





between 1972 and 1973 (36.4%).<sup>4</sup> However, in the first six months of 1974, the number of permits issued in Broward County dropped 30.2 percent from the previous half-year, reflecting economic conditions. The 1974 mid-year total still showed over 90 percent of the permits issued were for multi-family units.

Broward County had the largest number of condominium units of the three metropolitan counties in early 1974, and it also had the highest percentage sold each month.<sup>5</sup> The County, however, is estimated to have as much as a four year supply of condominiums already on hand.<sup>6</sup>

Condominiums costing \$45,000 and up sold better than other price ranges in Broward County at the rate of 6.7 percent of the units per month.<sup>7</sup>

Units priced under \$35,000 and those in the \$35,000 to \$44,999 range sold at a rate of 5.6 percent per month countywide.<sup>8</sup> The higher sales rate for high price condominiums is contrary to the Regional trend of purchasing lower cost units during the economic slump. In Broward County, however, the higher rate of sales in the higher price units could be a reflection of the buying ability of large numbers of retirees and seasonal residents.

This is suggested by a 6.5 percent monthly countywide sales rate of units marketed primarily to retirees. Condominiums oriented toward a mixed group, including second-home owners, sold at a 5.4 percent rate per month and family-oriented units sold at 4.5 percent per month in early 1974.<sup>9</sup> Family-oriented units are more likely to be purchased by resident household. The low percentage of those sales may reflect a reluctance to purchase housing during difficult economic times.



The rental apartment market in Broward County has been limited for the past three years. Many rental apartments were converted to condominiums and the general rental vacancy rate went from a low 2.1 percent in November 1972, to 0.7 percent in February 1973.<sup>10</sup> By May 1974, the rental vacancy rate rose to 2.2 percent.<sup>11</sup> However, this was still limited since the vacancy rate should generally be between 5 and 7 percent in order to give consumers a choice of rental location at competitive prices.

A sample survey of one-bedroom rental apartments by price range in Broward County showed only 595 apartments, out of a sample total of 5,349 units, rented for under \$161/month.<sup>12</sup> Only thirty of the 595 apartments were vacant. The majority of the units surveyed (3,490) rented for \$161 to \$220 a month and had a 1.9 percent vacancy rate.<sup>13</sup> The remaining 1,264 apartments surveyed rented for over \$220 a month and had a 3.9 percent vacancy rate.<sup>14</sup> These low vacancy rates indicate the shortage of rental apartments in Broward County. The slightly higher vacancy rate in the \$220 plus range may indicate a reluctance of households to rent at higher prices. It also may indicate a point where households will turn to purchasing a unit instead of renting.

The average price for all types of residential units sold in Broward County ranged from a low of \$37,191 in January 1974, to a high of \$42,084 in August 1974.<sup>15</sup> The average selling price for residential units in the Ft. Lauderdale area in 1974 was consistently above \$42,200,<sup>16</sup> reflecting the higher prices in certain parts of the County. The lowest price category was for co-op housing which generally sold for slightly under \$30,000.<sup>17</sup> These selling



prices generally require household incomes over \$11,000 per year in order to be eligible for a conventional mortgage. If the present residents had to repurchase their units, only about 40 percent of the households in Broward County would be financially able to buy a unit in the 1974 market.

Low and moderate income households could not afford the majority of the housing in Broward County. In January 1974, approximately 40 percent of all households in Broward County (159,500 households) earned \$7,500 a year or less.\* These low and moderate income households can generally afford to pay no more than 25-30 percent of their monthly income on rent and still have enough money left over to meet general living expenses. The 63,800 moderate income households in Broward make between \$4,350 and \$7,500 a year. This income would be sufficient for rents between \$91 and \$156 a month. The number of apartments renting below \$161 a month was 11 percent of the sample survey of apartments and only 30 of these 595 lower rent units were vacant at the time of the survey. The number of units renting for less than \$150 a month in Broward County is very limited. Consequently, most households earning less than \$7,500 a year must pay more than 25 percent of their income for housing or double up with other households.

In 1970, 6.7 percent of the occupied units in Broward County were overcrowded, since they had more than one person per room.<sup>18</sup> Approximately 1.6 percent of the total year-round units in Broward County were considered to be substandard in 1970 due to lack of some or all plumbing facilities.<sup>19</sup> The overcrowded and substandard units combined to make up approximately 7.1 percent of the total

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\* See Technical Appendix 6 for method of determining income distribution; Table 3 in The Regional View shows 1974 household income breakdown.





housing in Broward in 1970. If the number of substandard and overcrowded units did not change substantially over four years, close to 5 percent of the housing stock (18,500 units) was overcrowded or substandard in 1974.

Broward County has 969 units of public housing and 396 units of FHA-assisted rental housing, a total of 1,365 low rent units. These rental units serve only 2.1 percent of the 63,800 households earning less than \$4,351 a year. Moderate income households also require assistance in meeting housing costs since the upper income in the moderate range was \$7,509 a year in January 1974. Rent-subsidized housing serves less than 1.1 percent of all low and moderate income households in the County.

The unemployment rate in Broward County has been among the highest in the Region and the State for 1974 and the first quarter of 1975. In 1973, the unemployment rate was 3.5 percent.<sup>20</sup> By November, 1974, it was up to 10.1 percent; and by May, 1975, it had risen to 17.3 percent, one of the highest countywide unemployment rates in the country.<sup>21</sup> There are a large number of people who have been out of work for over six month. These people are pushing up the need for low cost housing and increasing the number of overcrowded units as they double up with other families to meet housing costs.<sup>22</sup>

The need for more low and moderate income housing in Broward County is evident. If the County's population continues its rapid growth the need will become even more crucial since the in-migrating households will most likely include low and moderate income families. The over-build of condominiums has not





lowered rents or prices of existing units to the low and moderate income range even though price "wars" are occurring in parts of Broward County.<sup>23</sup> Since the newer units have been constructed at higher costs and require higher payments, a downward trend of costs would be a slow process at best.



Broward County

1. 1970 Census of Population, Florida, Detailed Characteristics.
2. Estimated using F. W. Dodge building permit data and Florida Power and Light residential electric hookups.
3. Estimated from Florida Power and Light hookups.
4. F. W. Dodge data.
5. Reinhold Wolff Economic Research, Inc., Second Quarterly Apartment Report for Southeast Florida, 1974, p. 41.
6. Florida Trend, Feb., 1975, p. 18.
7. Second Quarterly Apartment Report, 1974, op. cit., p. 50.
8. Ibid., p. 50.
9. Ibid., p. 48.
10. Ibid.
11. Ibid.
12. Ibid.
13. Ibid.
14. Ibid.
15. Information from Real Estate Data, Inc., Miami, Fla.
16. Ft. Lauderdale Area Board of Realtors, phone conversation, Jan., 1975.
17. Ibid.
18. Definition from U.S. Census, 1970 Census of Population, Florida, Detailed Characteristics.
19. 1970 Census of Population, Florida, Detailed Characteristics.
20. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, "Labor Trends, Broward County, 1973".
21. Ibid., November 1974, May 1975.
22. Wm. Lindsey, Director, Ft. Lauderdale Housing Authority, conversation, June 1975. Also, House and Home, "Apartment Vacancy Rates: Unhappy Days Are Here Again," H. Clarke Wells, June, 1975, p. 34.
23. Miami Herald, "Foreclosures Up In Price War Area", Wayne Markham, June 22, 1975, p. 20K.



## Dade County

Dade County had 1,267,800 people in 1970<sup>1</sup> in approximately 429,300<sup>2</sup> households. By January 1974, the population had increased 11.8 percent to 1,417,700.<sup>3</sup> There was an estimated increase of 78,800 households (18.4%) bringing the total to 508,100.<sup>4</sup> This indicates a drop in the average household size from 2.9 persons per household to 2.8, following the Regional trend to slightly smaller households. (Note: An explanation of the difference between persons per household and persons per dwelling unit is in Technical Appendix 7).

Dade County is estimated to have had approximately 545,000 dwelling units in January, 1974.<sup>5</sup> The 508,100 permanent Dade County households suggests an apparent excess of 36,900 dwelling units in January 1974, many being seasonally occupied second homes and unsold condominiums built during the condominium boom in 1973.

Multiple family building permits have consistently made up more than 72 percent of the permits issued in Dade County since 1970. The one exception was in 1971 when 65 percent of the permits were for multi-family units. Even then, the following year made up for the decrease with 30,946 multi-family permits, or 76.9% of the total in 1972. These buildings came on the market in late 1972 and 1973 and contributed to the overbuild in 1973 and 1974. A 1974 U.S. Census study reported that the South accounted for nearly half of all housing units intended for condominium ownership and two-thirds of the apartment units intended for condominium ownership.<sup>6</sup>



Condominiums in Dade County are generally higher priced than those in Broward and Palm Beach counties due to higher land costs.<sup>7</sup> Consequently, there is not an appreciable number of very low priced (under \$25,000) condominiums available.<sup>8</sup> This also accounts for the large percentage of multi-family permits each year.

A County-wide sample survey of condominiums showed that the more expensive coastal units have the slowest sales rate of any area in the County. Approximately 4.2 percent of the units were sold per month in the Dade County coastal area in early 1974. At this rate, it would take 23.8 months to sell all of the unsold coastal units.<sup>9</sup> Units in northern and northwestern Dade sold best with 5.5 and 5.1 percent of the units sold per month respectively.<sup>10</sup> The average County-wide monthly sales rate was 4.7 percent. If this sales rate is maintained, it will take 21.3 months to dispose of all unsold units.

Family-oriented units sold better than units built for other sectors of the market in Dade. (5.0% per month, 20 month sellout time).<sup>11</sup> This type of unit appeals to families, who have a greater desire to purchase than retirees or seasonal residents. The retiree and mixed category, which includes second-home owners, both sold 3.6 percent per month, which represents a 27.8 month sellout time.<sup>12</sup> Neither of these sellout times is very good, reflecting oversupply and market slump in the higher price ranges.





The low priced (under \$35,000) condominiums sold the best in Dade County with 6.1 percent sold per month, which would mean 16.4 months to dispose of all unsold units. The medium (\$35,000 - \$44,999) and high (\$45,000 & over) price ranges had increasingly slower sales.<sup>14</sup>

Dade is the only one of the three metropolitan counties surveyed where buyer demand has strongly shifted to lower priced units (below \$35,000). This shift breaks the previous trend toward higher priced units.<sup>15</sup> Yet, Dade County has almost a two year backlog of condominiums even if no new units were built during the next two years.<sup>16</sup> The large surplus of condominiums would normally force sellers to reduce prices, but this did not begin to happen until early 1975 when continued buyer resistance to high prices and economic pressure began to force prices down.<sup>17</sup>

The rental apartment vacancy rate in February, 1974 was 2.2 percent.<sup>18</sup> A rental vacancy rate which allows consumer choice and keeps prices competitive is generally considered to be between 5 and 7 percent. The rental apartment vacancy rate in Dade County did not reach 3 percent between 1970 and the first quarter of 1974.<sup>19</sup> It did reach 4.1 percent in May, 1974.<sup>20</sup> This was possibly due to 1) some conversions of condominiums to rental units in order to recover costs, and 2) the large number of multi-family units started in mid-1973 which came on the market in mid-1974.

Vacancy rates in Dade County were the lowest for the high price range (\$250 plus for 1 bedroom) in May, 1974, (2.0%).<sup>21</sup> The low price units (under \$161



for 1 bedroom) surveyed had a 2.4 percent vacancy rate.<sup>22</sup> The medium range (\$161 to \$250 for 1 bedroom) had the greatest number (1,006) and had a 5.1 percent vacancy rate.<sup>23</sup> The medium range units are the only ones which give the consumer effective choice in style and location.

Metropolitan Miami had the highest median rent of 14 major cities surveyed in the 1970 Census, surpassing state and national median rents. Approximately 40 percent of all Dade County households, or 203,240 low and moderate income families, were spending over 25-30 percent of their income on shelter. This is generally considered to be an excessive amount of money for low and moderate income families to spend on housing and still have enough money left to meet other living expenses. Costs are still high and, as long as costs are high, rents will remain high.

The average selling price for all types of new and used residential units in the County rose from \$31,978 in January 1974 to \$33,448 in July.<sup>24</sup> Buyer resistance to soaring home prices, high mortgage interest rates and recession fears may force developers to lower their prices or risk foreclosure. A home survey in the fall of 1974 showed, however, that residential prices did not decline even though the proportion of homes on the market in Dade County had reached its highest level since 1967.<sup>25</sup> A report on home prices in May 1975 showed prices had not declined despite slow sales and an increasing number of foreclosures.<sup>26</sup>

The average unit cost was \$32,300 in mid-1974. The household income needed to purchase units at this price was \$12,900 or \$16,200, depending upon



There is clearly a need for more low priced housing in Dade County. The County has a large number of migrant farm workers, many of whom have had to live temporarily out of their cars and trucks for lack of readily available housing. Many migrant workers want to settle permanently in South Dade, which increases the need for low rent - low cost housing. Grower-provided units are not sufficient for the number of families coming into the County each year and they are not suitable for family occupancy. Since rental units in farm areas frequently cost too much for one migrant household to afford, families double up in two and three room apartments.

The low income elderly have definite problems with fixed incomes in an inflationary period. Many of them do not know where to go for help or are too proud to ask for it. There are numerous reports of elderly people paying over half their income for rent, forcing them to live on restricted funds.

High unemployment in Dade County has increased the need for more low income housing and adversely affecting home sales. Unemployment rose from 2.7 percent in 1973 to 11.7 percent in May, 1975.<sup>28</sup> A large number of people have been out of work for over six months and have had to double up with other people in order to meet housing costs.

Developers are not building to meet the demand or need in Dade County. High land prices, mortgage rates and building costs apparently prohibit developers from building units that would sell below \$25,000 to \$30,000 in Dade County. The present oversupply of condominiums may lead to somewhat lower prices, but this is likely to be a slow process.





Dade County

1. 1970 Census of Population, Florida, Detailed Characteristics.
2. Ibid.
3. Sales Management, July 8, 1974.
4. Ibid.
5. Figured from F. W. Dodge residential building permit data, Florida Power and Light residential hookups and postal vacancy surveys.
6. Land Use Digest, Vol. 7, Number 11, November, 1974.
7. Reinhold Wolff Economic Research, Inc. Second Quarterly Apartment Report, 1974, p. 43.
8. Ibid., p. 42-43.
9. Ibid., p. 47.
10. Ibid., p. 47.
11. Ibid., p. 48.
12. Ibid.
13. Ibid., p. 50.
14. Ibid.
15. Ibid., p. 52.
16. Florida Trend, February, 1975, p. 18.
17. Miami Herald, "South Florida Home Costs Declining," February 9, 1975.
18. Second Quarterly Apartment Report, 1974, op. cit.
19. Ibid.
20. Ibid.
21. Ibid.
22. Ibid.
23. Ibid.
24. Information from Real Estate Data, Inc. Miami, Florida.
25. First Federal Savings and Loan Association of Miami, News Release, November 15, 1974, "First Federal Home Survey," p. 1.





Dade County (Cont'd)

26. Miami Herald, "Prices of New Homes Soar in Dade County," Charles Kimball, 5-22-75.
27. 1970 Census of Population, Florida, Detailed Characteristics.
28. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, phone conversation, June, 1975.



## Martin County

With a 14.3 percent annual growth rate, Martin County is probably the fastest growing county in Florida.<sup>1</sup> Its population in January 1974, was estimated at 50,800 people in 18,800 households,\* (2.7 persons per households). If the 1970 Census total of 28,000 was correct, this represents an 81.4 percent increase. There is serious doubt, however, as to the accuracy of the 1970 Census in Martin County. Since the population was probably under-counted, there is no accurate base for estimating population and household increase.

The County estimated a total of 20,039 dwelling units in January, 1974. Some 56 percent of these units were single family or duplex, 22.6 percent were multi-family units, and the remaining 21 percent mobile homes.<sup>4</sup> The difference between the number of households and the number of units is 6 percent or 1,239 units. These units represent seasonally occupied second homes, vacant units and units removed each year by conversion to non-residential uses or demolition.

In 1970, 58.5 percent of the residential building permits were for multi-family units.<sup>5</sup> Multi-family permits have made up between 40 and 48 percent of the permits each year from 1971 to 1973. The generally even distribution of multiple and single family permits appears likely to shift more toward multi-family units as population increases and land and building costs rise.

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\* See Technical Appendix 4, Martin County Population; Technical Appendix 7 explains difference between persons per household and persons per dwelling unit.



Permits issued in the first six months of 1974 indicate 80 percent of the permits issued were for multi-family units. Permits issued in the first six months of 1974 also exceed the total issued in 1973 by 191 permits. Martin County was the only county in the Region displaying any amount of residential construction in the first six months of 1974. However, construction activity showed a marked decrease in the last half of 1974.

The Stuart Board of Realtors reported residential selling prices between July and November 1974 ranging between \$49,000 and \$72,000 with the average price at about \$55,000.<sup>6</sup> The high price range may reflect the larger percentage of single family homes in the County. Permanent residents able to purchase these units in Martin County are limited to less than 3,900 households (less than 20%). In order to purchase a \$55,000 unit, household income would have to be at least \$22,000 a year if a 2.5 to one cost to income ratio is used. Lower cost and lower rent units are available in Martin County, but numbers are limited in comparison to the need for low, moderate and middle income units.

Martin County residents have undoubtedly felt the need for low, moderate and middle income range housing. Twenty percent of all households (3,767) were earning less than \$3,013 a year in January 1974.\* The moderate income group (3,767 households), had an income range from \$3,014 to \$5,734 while middle income households earned up to \$8,425. Martin County was the only

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\* See Technical Appendix 6 for method of income distribution; Table 3 in The Regional View shows 1974 household income breakdown.



county in the Region with an average household income under \$10,000 per year. If the average selling price of a unit is \$55,000, purchasing households are most likely new to the County or part of the upper income group.

In 1970, 9.8 percent of the occupied units in Martin County were overcrowded and 5.2 percent of all year-round housing units were considered to be substandard since they lacked some or all plumbing facilities.<sup>7</sup> The overcrowded and substandard units made up 11 percent of all year-round housing in 1970. If the number of substandard and overcrowded units did not change substantially over four years, almost 7 percent of the 1974 housing stock (1,300 - 1,400 units) is overcrowded or substandard. The families most likely to occupy these units are low income households that cannot afford larger or more adequately equipped units.

The City of Stuart has 74 units of low rent public housing. These units serve 2 percent of the 3,900 lowest income households in Martin County. The remaining households must generally spend more than 25 to 30 percent of their income on housing. With incomes at less than \$3,013 a year this leaves families with incomes too low to cover other necessities.

The moderate income households (\$3,014 - \$5,734 a year) have a slightly better chance of obtaining a livable unit in comparison with low income families. Moderate income families can generally afford \$100 to \$120 a month rent or a \$14,300 home if mortgage money eases and units of that price can be built again. There have been 110 homes sold under the Section 235







Homeowner Program since 1968. This program has re-opened under the Housing and Community Development Act of 1974, but money is scarce and other sources of aid will be needed to assist low income families needing housing.

Martin County has suffered from the economic slump. More than 12 percent of the labor force was employed in construction in 1973 and, at that time, there was only 2.3 percent unemployment.<sup>8</sup> By March 1975, unemployment rose to 12.2 percent<sup>9</sup> and has remained high as the recession continues into the summer. The high rate of unemployment is putting heavier pressure on the limited stock of low and moderate income housing available to Martin County households.

The housing being sold in Martin County meets the needs of a small group with the ability to purchase or rent higher priced units. Upper income demand will probably be met, but low, moderate and middle income households will have to solve their housing problems in some manner other than relying on a lower cost unit.



## Martin County

1. Miami Herald, "Florida's Population Hits 8.4 Million", by Georgia Tasker, October 13, 1974, p. 24H.
2. Martin County Planning Department, Population of Planning Areas in Selected Categories, January, 1974.
3. County Development Coordinator, January 1, 1974, "Housing Units in Designated Planning Districts by Selected Categories."
4. Ibid.
5. F. W. Dodge data is source for all building permit information.
6. Carl Walters, President, Stuart Board of Realtors, phone conversation December, 1974.
7. 1970 Census of Population, Florida, Detailed Characteristics.
8. State of Florida, Department of Commerce, Bureau of Labor Statistics, "Labor Market Trends", November, 1974.
9. Ibid., April, 1975, phone conversation.



## Monroe County

According to the 1970 Census, Monroe County had 52,600 people in approximately 18,100 households.<sup>1</sup> As of January 1974, the population in Monroe County had dropped to an estimated 51,400 people in approximately 18,000 households.<sup>2</sup> The 2.3 percent drop in the population resulted largely from the phasing out of activity at the Key West Naval Station beginning in January 1966. In 1966, the Navy employed 1,918 civilians in addition to 9,829 military personnel who had 10,608 dependents.<sup>3</sup> By January 1974, the Navy had cut down to 745 civilian jobs and 5,628 military personnel, with 6,191 military dependents.<sup>4</sup> While the military-related population declined by approximately 9,000, civilian population increased by about 8,300 persons during 1970-74. Information for the last six months of 1974 indicated that civilian jobs would be cut back to 928 positions and military and military dependents decreased to 4,399 and 5,296 respectively.<sup>5</sup>

Household size in Monroe County remained at 2.9 persons per households between 1970 and 1974, while the total number of households (civilian and military) decreased by .55 percent. This represents a loss of 100 households in a four year period in which the population declined by 1,200 people. This suggests that the reduction was mostly due to loss of military personnel living in group quarters, since the out-migrating population had approximately 12 persons per household. (Note: An explanation of the difference between persons per household and persons per dwelling unit is available in Technical Appendix 7).



Monroe County is estimated to have had 25,000 dwelling units in January, 1974.<sup>6</sup> The 7,000 or more units not occupied by the 18,800 permanent households are mostly seasonally occupied, with some vacant units.

Monroe County building permits since 1970 show multi-family units slowly becoming the predominant type of housing constructed. In 1972, 58 percent of the total 1,068 residential permits issued were for multi-family units.<sup>7</sup> In 1973, 82 percent of the 3,278 permits were for multi-family units. The total number of permits issued since 1970 has increased 664 percent due to termination of the 1970 and 1971 water hookup moratorium ordered by the Department of Pollution Control. The first six months of 1974 showed a 9.5 percent decrease in the number of permits issued from the previous six months in 1973. Increasing economic difficulties, high costs of construction in the Keys, the decreasing civilian and military force employed by the Key West naval installation, and the environmental constraints on growth in the Keys are all contributors to this decline.

Condominiums have accounted for a large portion of new multi-family units in Monroe County. Most new construction has taken place outside Key West in areas with more available land and somewhat lower prices. The estimated selling price of a one bedroom condominium in the Marathon area ranged from \$27,000 up, depending on proximity to waterfront.<sup>8</sup> A two bedroom condominium costs between \$28,000 and \$60,000, again, depending largely on location.<sup>9</sup> Single family homes are more expensive. Depending on size, they range from \$35,000 to \$125,000 for a waterfront home and from \$25,000 to \$55,000 for non-waterfront.<sup>10</sup>







The average selling price for all types of residential units in Key West between April and June, 1974 was \$32,700.<sup>11</sup> Housing costs in Key West are generally higher due to higher transportation costs. Seasonal and military demand also tend to inflate prices.

The Marathon Board of Realtors reported rental prices in the Keys (excluding Key West) for a one bedroom apartment averaged \$175 a month in 1974.<sup>12</sup> A two bedroom apartment rented for approximately \$225 a month; three bedrooms rented for \$250 a month and a duplex rented for \$225-\$300 a month.<sup>13</sup> Rents in Key West are slightly higher. The rental apartment market was reported to be "tight",<sup>14</sup> but no vacancy estimates were available.

A 1970 study by Milo Smith and Associates indicated that approximately 25 to 30 percent of the households, not including the Key West area, were seasonal residents.<sup>15</sup> The study indicated that 10 percent of the total households resided in the Keys 6-9 months, 14 percent for 3 to 6 months and 5 percent for less than 3 months.<sup>16</sup>

Military personnel make some demands on the Key West housing market, but military-owned housing fulfills the majority of these needs. Semi-permanent and permanent staff are the only ones in the Keys long enough to seek non-military housing. If the military were to expand, the local housing supply would be put under considerable strain. Moderate and mid-priced units would be in short supply. Since the naval base is cutting back on military personnel, however, the limited number of housing units being vacated will ease the situation for local residents slightly.



The large number of ex-Navy retirees in Monroe County generally receive retirement incomes considerably above the median retirement income of the State.<sup>17</sup> This has a positive affect on the housing market and the general economy since they can usually afford the housing in the County and do not require scarce low cost housing.

Middle income households in Monroe County earned between \$6,800 and \$9,635 in January 1974.\* These 3,600 households could afford rents from \$150 to \$200 a month. The 3,600 upper middle income households earning \$9,600-\$13,300 would be able to afford housing in Monroe County ranging from \$24,000 to \$33,250 if a 2.5 to 1 cost to income ratio is used. Some 40 percent of the households are in the low income group (\$0-\$3,851 a year; 3,600 households) and the moderate income group (\$3,852-\$6,799 a year; 3,600 households).

In 1970, 11 percent of the occupied units in Monroe County were overcrowded and 5 percent of all year-round housing units were considered to be substandard because they lacked some or all plumbing facilities.<sup>12</sup> The overcrowded and substandard units made up 12.2 percent of all the year-round housing units in Monroe in 1970. If the number of substandard and overcrowded units did not change substantially over four years, more than 5 percent of the 1974 housing stock (or 1,300-1,400 units) is overcrowded or substandard. The families most likely to occupy these units are low income households that cannot afford larger or more adequately equipped units.

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\* See Technical Appendix 6 for method of income distribution; Table 3 in The Regional View shows 1974 household income breakdown.



The City of Key West has the only public housing in the County. Its 590 units serve 16.4 percent of the 3,600 low income households or 8.2 percent of the 7,200 low and moderate income households earning less than \$6,800 a year. Most remaining 6,600 households must pay an excessive portion of their income (over 25%) for shelter, double up, or live in inadequate housing.

Monroe County has a fragile economy funded largely on government (including the military), services, fishing, and retail trade. Unemployment was at 2.5 percent in 1973.<sup>19</sup> By March 1975, it had increased to 11.6 percent.<sup>20</sup> If the economy drops sufficiently to curtail tourism in the Keys, the need for low and moderate income housing could easily expand to 60 percent of the 18,000 households in Monroe County.

The cost of construction in Monroe County is prohibitive for low and moderate income units. Consequently, any low or moderate income housing construction would require government help unless costs drop substantially.



Monroe County

1. 1970 Census of Population, Florida, Detailed Characteristics.
2. Sales Management, July 8, 1974.
3. Key West Naval Station, phone conversation verifying data from unpublished report, Nov., 1974.
4. Ibid.
5. Key West Naval Station, phone conservation, data corrections, July 15, 1975.
6. Figured from F. W. Dodge building permit data, residential electric hookups and postal survey information.
7. F. W. Dodge is the source for all permit data.
8. Marathon Board of Realtors, phone conversation, Dec., 1974.
9. Ibid.
10. Ibid.
11. Information from Real Estate Data, Inc., Miami, Florida.
12. Marathon Board of Realtors, phone conversation, Dec., 1974.
13. Ibid.
14. Ibid.
15. "Monroe County Economy", Coastal Coordinating Council, 1973, p. 15.
16. Ibid., p. 16.
17. Ibid., p. 11.
18. 1970 Census of Population, Florida, Detailed Characteristics.
19. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, phone conversation, Dec., 1974.
20. Ibid., phone conversation, April, 1975.







## Palm Beach County

The 1970 Census in Palm Beach County showed 349,000 people in approximately 123,900 households.<sup>1</sup> By January 1974, the population had increased to an estimated 417,000\* people in 152,000 households.<sup>2</sup> This represents a 19.5 percent increase in the population and a 22.7 percent increase in the number of households. The average household size thus declined slightly from 2.8 persons per household to 2.7 in 1974. (Note: An explanation of the difference between persons per household and persons per dwelling unit is in Technical Appendix 7).

In January 1974, Palm Beach County was estimated to have had approximately 187,000 dwelling units. During the first six months of 1974 construction started on another 4,000 units.<sup>3</sup> This indicates an apparent excess of 35,000 dwelling units in Palm Beach County in January 1974. Many of these units are unsold condominiums that were built in 1973; others are seasonally occupied second homes and vacant or abandoned units.

Close to 73 percent of the residential building permits issued in 1970 were for multiple family units.<sup>4</sup> The number of multiple family permits increased 123.6 percent from 6,874 in 1970 to 15,373 in 1973.<sup>5</sup> Approximately 78 percent of the permits issued in 1973 were for multi-family units. In the first six months of 1974, 81 percent of the permits were for multi-family units. But the number of permits issued during the first half of 1974 declined nearly 50 percent from the number issued in the first half of 1973, reflecting the slump in housing construction.

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\* See Technical Appendix 5, Palm Beach County Population



Among the three metropolitan counties, Palm Beach County had the lowest average sales rate of condominiums sold. Only 2.3 percent of the units surveyed in the coastal area were sold per month, 4.4 percent in the inland areas where prices are generally lower, while the County-wide monthly sales rate was 3.5 percent of the units sold each month.<sup>6</sup> In January 1974, Palm Beach had 2,177 condominium units unsold according to this survey.<sup>7</sup> These sales rates indicate that it would take 43.5 months to sell all the coastal units surveyed if the rates were maintained.

The sellout time for inland units would be 22.7 months, with an average sellout period for all units of 28.6 months.<sup>8</sup> After the number of units needed to satisfy the average market demand is subtracted, there remains a two year condominium overbuild in Palm Beach County.

The Quarterly Apartment survey also examined condominium units by price classes. The lowest priced units (under \$25,000 average) are still selling relatively well even though the rate is only half that of early 1973.<sup>9</sup>

High priced units (\$45,000 and over) have the best sales rate in the County by price class (7.8% sold per month). They sold at a higher rate and sold comparatively more in actual numbers than high priced units in Dade and Broward.<sup>10</sup> Low priced condominiums (\$25,000 to \$35,000) have a fair sales record with 5.3 percent of the units sold per month and 18.9 months needed to sell all the unsold units at the surveyed rate.<sup>11</sup> The medium price units (\$35,000 - \$44,999) have the slowest sales of all three metropolitan counties with 2.2 percent sold per month and a 45.5 month sellout time at



that sales rate.<sup>12</sup> One possible reason for the apparent slow reversal of expected sales activity in the medium price range is that Palm Beach County attracts more wealthy residents and second home owners and has fewer employment opportunities to attract middle income households when compared with Dade and Broward counties.

The best selling condominiums by market orientation in Palm Beach County, as in Dade County, are family units. Families have more of an urgency to purchase units, which may explain why 22.8 percent of the condominiums marketed primarily to families were sold per month County-wide as compared with 4.4 percent per month to retirees, and 4.8 percent to a mixed category including second home owners.<sup>13</sup>

A rental apartment survey in November, 1973 showed a 2.8 percent overall vacancy rate.<sup>14</sup> By February 1974, the vacancy rate for rental apartments had risen to 4.3 percent; by May it was 7.1 percent.<sup>15</sup> Vacancy rates are highest for the more costly units. The large number of apartments (and condominiums) on the market would normally be expected to force prices down, but high construction costs are making this a slow process.<sup>16</sup> Consequently, higher rent apartments (over \$220 a month) are in abundant supply from new construction, but low, moderate and the lower end of the middle income range apartments are scarce.

The average selling price of all residential properties in Palm Beach County ranged from \$35,291 in January 1974, to \$38,339 in August.<sup>17</sup> Single family homes averaged \$42,300 in 1974, while condominiums sold for an average price of \$33,300.<sup>18</sup> The average asking price for condominiums was roughly \$44,300,





which was \$11,000 more than the average selling price.<sup>19</sup> This reflects some resistance to inflated prices by condominium buyers. The household income necessary to purchase a \$30,000 unit would be approximately \$12,000 per year if a 2.5 to 1 cost to income ratio is used. In the present restrictive mortgage market, a higher income is often sought to secure a loan. This means the income required for a \$30,000 unit could vary from \$12,000 up to \$20,000 depending on the buyer's assets and security rating. Slightly more than 60 percent of all Palm Beach County households could not afford to buy a home in 1974. Twenty percent of all households could not afford to pay over \$85 a month rent without overextending themselves financially. Another twenty percent of all Palm Beach families earned roughly between \$4,000 and \$7,500 each year and only those at the upper end of that income range could begin to afford the least expensive rental units on the market in 1974.

The middle income group (30,400 households) earned between \$7,508 and \$11,310 per year.\* These households can generally afford rents from \$160 to \$235 a month, if no more than 25 percent of their income is spent on rent. Since there is a 7 to 8 percent rental vacancy rate in this price range, there are fewer housing problems for the middle income households than for the low and moderate income households.

Palm Beach County had the largest migrant farm worker population in South Florida and these families must rely upon the availability of low rent housing or grower-provided units. Grower-built labor camps are generally

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\* See Technical Appendix 6 for method of income distribution; Table 3 in The Regional View, shows 1974 household income breakdown.





meant for individual workers and are usually inadequate to meet family housing needs. A 1973-74 study estimated total resident farm worker population at 28,137 people in 7,466 households.<sup>20</sup> Additional in-migrant labor brought the total number of migrant workers up to 53,605 people in more than 11,500 households.<sup>21</sup> Only 15,000 of the total peak farm labor population were housed in labor camps, 3,800 in other farm labor housing, 8,000 in rooming houses (primarily in the Belle Glade area), 4,800 in public housing in Belle Glade and Pahokee, with the remaining 22,000 left to seek housing wherever it was available.<sup>22</sup>

Palm Beach County has 287 units of FHA-subsidized rental housing and a total of 1,994 units of public housing in four active housing authorities, including 645 migrant farm labor units. The 1,994 public housing units serve 6.6 percent of the 30,400 lowest income households in the County. With the 287 FHA-subsidized rental units only 7.5 percent of the households earning less than \$4,062 a year are assisted by the public sector.

High unemployment in Palm Beach County has increased the need for more low, moderate and middle income housing. The unemployment rate in 1973 was already 5.1 percent, the highest in the Region at that time.<sup>23</sup> By November 1974, it rose to 8.5 percent and by May 1975, unemployment was up to 14.8 percent.<sup>24</sup> A large number of the unemployed, primarily construction and migrant farm workers, cannot sustain long periods of unemployment and meet their basic housing needs. Many are forced to double up with other families to live in substandard housing.



In 1970, 8.8 percent of the occupied units in Palm Beach County were overcrowded and 4.3 percent of all year-round housing units were considered to be substandard, since they lacked some or all plumbing facilities.<sup>25</sup> Overcrowded and substandard units made up 10.2 percent of all year-round housing units in Palm Beach County in 1970. If the number of substandard and overcrowded units did not change substantially over four years, almost 7.5 percent of the 1974 housing stock (or about 14,000 units) is overcrowded or substandard.

Palm Beach County has a low and moderate income housing shortage similar to that in other counties in the Region. Rural migrant labor households have housing problems that are especially difficult to solve due to their mobility, low income and related problems. Solutions to the low and moderate income housing shortage in Palm Beach County must deal with both permanent residents and migrant workers.



Palm Beach County

1. 1970 Census of Population, Florida, Detailed Characteristics.
2. Sales, Management, July 8, 1974.
3. Estimated from F. W. Dodge building permit data, Florida Power and Light residential hookups, and postal vacancy surveys.
4. F. W. Dodge data.
5. Ibid.
6. Reinhold P. Wolff Economic Research, Inc., Second Quarterly Apartment Report for Southeast Florida, April 1974, p. 47.
7. Ibid., p. 47.
8. Ibid., p. 47.
9. Ibid., p. 43.
10. Ibid., p. 50.
11. Ibid., p. 50.
12. Ibid., p. 50.
13. Ibid., p. 48.
14. Ibid., "The term 'vacant unit' is applied to those units which are available for rent. Non-occupied but rented units are not counted as vacant".
15. Ibid.
16. Ibid., p. 31.
17. Information from Real Estate Data, Inc., Miami, Florida.
18. Palm Beach County Multiple Listing Service data, phone conversation, January, 1975.
19. Ibid.
20. Area Planning Board of Palm Beach County and Adley Associates, Migrant and Rural Farm Labor Housing Study, June 1974.
21. Ibid.
22. Ibid.
23. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, phone conversation, Dec., 1974.



Palm Beach County (Cont'd)

24. Ibid., phone conversation, June, 1975.
25. 1970 Census of Population, Florida, Detailed Characteristics.





## St. Lucie County

St. Lucie County had 50,800 people in 1970<sup>1</sup> in an estimated 16,900 households.<sup>2</sup> By January 1974, the population had increased 14.1 percent, to an estimated 58,000<sup>3</sup> people. Households in St. Lucie County increased by 20.7 percent (3,500) to an estimated 20,400.<sup>4</sup> This indicates a decrease in average family size from 3.0 persons per household in 1970 to 2.8 in 1974. (Note: An explanation of the difference between persons per household and persons per dwelling unit is in Technical Appendix 7).

St. Lucie County is estimated to have had 23,700 dwelling units in January, 1974.<sup>5</sup> With 20,400 households in 1974, an apparent excess of 3,300 vacant housing units apparently existed. Some of these units belonged to second home owners not counted as apart of the permanent population, however.

In 1970, 27 percent of all building permits in St. Lucie were for multiple-family dwellings.<sup>6</sup> By mid-1974, 50 percent of the building permits issued since 1970 were multi-family. The number was more than double the number of multi-family permits in 1973. Condominiums make up many of the new multi-family units that came on the market between January and August of 1974, thereby contributing to an overbuilt market.

The Multiple Listing Service report for residential real estate transactions in St. Lucie County reported that between January and August 1974, the average asking price for a unit was \$34,800 and the average selling price was \$30,600.<sup>7</sup> There were 243 transactions out of 788 listed properties. Between January and August 1973, 323 listings out of 442 were sold.<sup>8</sup> This means 30.8 percent



of the residential properties offered in 1974 were sold as compared with 73.0 percent sold in the previous year. January and August 1974 sales were reported as being mostly resales. New condominium units were being sold above the average price with beach locations between 30 and 60 percent higher than inland sites.<sup>9</sup> The large proportion of resales suggests that new units may be over priced in relation to older units. The regional over-build of condominiums together with a tight mortgage market also help explain the large number of units listed and the low number of sales.

The rental apartment market in St. Lucie is slowly catching up with the demand, but it remains somewhat limited.<sup>10</sup> Conversion of apartments to condominiums has been one possible cause for the low number of available apartments. The monthly rent on a medium size, one bedroom apartment ranges from \$150 to \$195 a month, two bedroom rent ranges from \$165 to \$200, and a three bedroom generally rents for \$185 to \$250 per month.<sup>11</sup>

The average rents for these apartments require household incomes of approximately \$8,300 a year for a one bedroom, \$9,450 a year for a two bedroom and \$10,175 a year for a three bedroom if no more than 25 percent of monthly income is spent on rent. This is considered to be the maximum percentage that low and moderate income families can spend on housing and still have enough money for other normal living expenses.

Home and condominium owners would need an average yearly income of at least \$12,200 to be able to purchase the average price unit (\$30,600) in St. Lucie County in 1974 if a 2.5 to 1 cost to income ratio is used. At the present time, many buyers may have to make more than a ten percent down-payment



since mortgage companies are more cautious in approving conventional mortgages. This severely restricts the number of households that can afford to purchase new or used housing in St. Lucie County.

Almost 65 percent of the housing in St. Lucie County was owner-occupied in 1970.<sup>12</sup> If homeowners had to repurchase their units in the 1974 housing market, only some 20 percent of all households, or the 4,080 families earning above \$13,970\* a year in 1974, would be financially capable of purchasing units at the 1974-75 prices.

Some 4,080 of the families living in St. Lucie County earned less than \$3,014 a year as of January, 1974. Moderate income families (4,080 households, or 20% of the total households) earned only slightly more, up to \$5,928 a year. The 4,080 middle income households earned between \$5,929 and \$8,981 a year, but only households earning \$7,200 a year would be capable of renting an apartment in St. Lucie. This means that out of approximately 20,400 households, only 50 percent, or 10,200 households, could afford some type of housing in the 1974 market. Slightly over 6,000 of those families were forced to rent rather than buy a unit. Households earning less than \$7,200 net household income a year have to spend more than 25 percent of their income on shelter, which does not leave a sufficient amount for other normal living expenses.

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\* See Technical Appendix 6 for method of income distribution; Table 3 in The Regional View shows 1974 household income breakdown.





Unemployment in St. Lucie County was at 2.1 percent in 1973;<sup>13</sup> by April, 1975, it rose to 14.6 percent.<sup>14</sup> A large portion of the unemployed are construction workers who made up approximately 14 percent or more of the work force in St. Lucie County. Many of these workers have been unemployed for over six months. High unemployment puts a heavy strain on the small supply of low and moderate cost housing and forces many families to double up in units meant for only one household.

In 1970, 10.6 percent of the occupied units in St. Lucie County were overcrowded and 5 percent of all year-round housing units were considered to be substandard since they lacked some or all plumbing facilities.<sup>15</sup> The overcrowded and substandard units made up 12.7 percent of all year-round housing units in St. Lucie in 1970. If the number of substandard and overcrowded units did not change substantially over four years, almost 10 percent of the 1974 housing stock (or 2,370-2,450 units) was overcrowded or substandard. The families most likely to occupy these units are the low income households that cannot afford larger or more adequately equipped units.

The City of Ft. Pierce has 919 units of public housing. FHA has 107 units of Section 236 rent supplement housing which was, at this writing, in foreclosure.<sup>16</sup> There were also 60 units of Section 221(d)(3) low rent housing built in the County. This housing totals 1,086 units and serves approximately 26.6 percent of the 4,080 households earning less than \$3,000 a year in the County, or 13.3 percent of the 8,160 low and moderate income households earning less than \$5,928 a year.





The low and moderate income households in St. Lucie County have to qualify for subsidized housing or pay an overly large percentage of their income for housing. The majority of the middle income households cannot afford to purchase a home in the 1974 market and are restricted to the rental market. Large numbers of migrant workers arriving for the winter season further emphasize the shortage of low and moderate income housing in St. Lucie County.



St. Lucie County

1. 1970 Census of Population, Florida, Detailed Characteristics.
2. Ibid.
3. Sales Management, July 8, 1974.
4. Ibid.
5. Estimated from F. W. Dodge building permit data, Florida Power and Light residential hookups and postal data.
6. All building permit data is from F. W. Dodge.
7. John Brooks, W. K. Realty, Inc., Ft. Pierce, conversation, Dec. 1974.
8. Ibid.
9. Ibid.
10. County Development Coordinator, St. Lucie County, phone conversation, Dec. 1974.
11. Ibid.
12. 1970 Census of Population, Florida, Detailed Characteristics.
13. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, "Labor Market Trends, 1973".
14. State of Florida, Dept. of Commerce, Bureau of Labor Statistics, phone conversation, June 1975.
15. 1970 Census of Population, Florida, Detailed Characteristics.
16. FHA Insuring Office, Tampa, phone conversation, Sept. 1974.



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## Technical Appendix 1

### Data Limitations

The major problems involved in undertaking an analysis of the housing market in South Florida all relate to the importance of accurate population estimates. The three groups that present the largest problems in determining the population are the childless retirees, the seasonal and second home population and the migrant workers.

Childless households retiring to South Florida in large numbers each year distort in-migration estimates. As explained later, migration estimates are usually based on school enrollment figures. The large number of childless households moving to South Florida would not be shown and the rate of in-migration becomes difficult to accurately calculate. This, in turn, affects estimates of the number of new households requiring housing each year.

The seasonal and second-home\* "residents" of the Region are also difficult to count, or to subtract from population counts. Building permit data is often used as a measure of new dwelling units, hence households and population. But in recreational and seasonal locations such as South Florida, a building permit does not necessarily mean an additional year-round household. Second homes, mostly condominiums in South Florida, are physically indistinguishable from primary homes of permanent residents.\*\*

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\*The U.S. Census Bureau defines a second home as follows: A residence other than the one where the household usually lives, which was owned or rented by the household for the entire year. The homes must have been reserved for the occasional use of the owner during the entire year. This includes homes shared with co-owners or co-renters.

\*\*Second Homes in Dade County, Florida, Metropolitan Dade County Planning Department provides a good source of information about second homes and the problems of counting them.





Due to condominium association rules that, in many instances, do not allow units to be rented, a large proportion of condominiums are occupied only during the winter season with spotty off-season rentals. This means an inflated population during the winter season with housing units full, few apartment vacancies and inflated rents. During the off-season, condominiums and other units are vacant, yet many are unavailable for occupancy. The number of duplexes and detached homes used for second homes further complicates determining the number of available housing units and the need for additional housing.

Migrant farm workers present many of the same population estimation problems as seasonal residents; they are generally present for only a limited time period. Unfortunately, the migrant workers are less capable of taking care of their housing needs than second home owners and seasonal visitors. Migrants must rely on grower and public housing facilities and what little low rent, no lease housing is available near where they are working. Consequently, migrant households are counted as living in one county, but they may need temporary housing and public services in several counties, thereby, increasing their need for housing from one unit in one county to several units in several counties.

Since demand for housing comes from permanent, seasonal and migrant households, housing needs vary as economic affluence and agricultural conditions change.



## Technical Appendix 2

### Population Source Information

Efforts to estimate the population of the South Florida Region typically use two main sources of information. The State of Florida has its own estimates from the Bureau of Economic and Business Research at the University of Florida in Gainesville. The more common and widely used source is the U.S. Census.

The Bureau of Economic and Business Research method of population estimation uses the number of residential electric hookups, residential building permits issued and mobile home tag sales. These sources tend to inflate the actual population of a recreational area such as South Florida. Since the Region has a rapidly growing second home population, the number of building permits issued and the number of residential electric customers will not reflect the true permanent population as it would in a less tourist oriented region. The Bureau of Economic and Business Research readily admits that their estimates of the South Florida Region will be high due to these factors.\* Consequently, their estimates of population and the amount of growth must be modified.

Sales Management, A Survey of Buying Power, 1974 uses the U.S. Census as its main source of population data. Census estimates for the Region will tend to be low due to their method of calculation known as Component II. This works by using the usual birth and death information, but the method of calculating migration depends on school census figures to determine the

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\*Cheryl Stanley, Bureau of Business & Economic Research, University of Florida, phone conversation, Sept., 1974.



migration of elementary school age children and their families. A state wide school-age child migration rate is calculated and adjusted to each area under study. Civilian and military populations are calculated separately to compensate for their different patterns of movement. However, the method tends to underestimate the population of the Region due to the large number of childless couples retiring to the Region.



## Technical Appendix 3

### Broward County Population

The 755,000 figure was calculated by using the Bureau of Business and Economic Research mid-1973 population estimate of 769,419 and comparing it to the Sales Management figure of 740,000. As was explained in Appendix 2, Population Source Information, the mid-1973 estimate is likely to be inflated due to the building permit base and the Sales Management figures are likely to be low from under-counting of childless households. They also differ by five months. We make the simplifying assumption that the amount one over estimates is roughly equivalent to the amount the other under estimates.

The 319,000 households were estimated by examining the number of active Florida Power and Light residential electric meters. In June, 1974 there were 355,299 active meters. Florida Power and Light estimated that 10 percent of the seasonably occupied homes had active meters.\* These were subtracted leaving a total of 319,770 which was rounded to 319,000 to compensate for the time difference between January and June of 1974.

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\*Broward County Florida Power and Light, phone conversation.





## Technical Appendix 4

### Martin County Population

The Martin County population in 1970 was reported as 28,035. Census based data for December 31, 1973, estimates the population to be 35,000. The Bureau of Business and Economic Research at the University of Florida estimates the July, 1973 population to be 36,719. However, the Martin County Planning Department determined the 1970 Census enumeration was grossly undercounted and the planning department count as of January 1, 1974, showed 54,000 people. This is a difference of about 19,000 people from the Census based data. Martin County estimates that there were 20,029 housing units in the County and this number is closely verified by comparison with Florida Power and Light residential electric hookups. An estimated six percent of the 20,039 units were subtracted for second homes, vacant units and demolished or converted units. The remaining 18,800 units were multiplied by 2.7 persons per household which came out to 50,800 people in January, 1974. The 2.7 figure is the number of persons per household which compares closely with the figure for St. Lucie.



## Technical Appendix 5

### Palm Beach County Population

The 417,000 population total was calculated by comparing the Bureau of Business and Economic Research estimate of 427,983 for mid-1973 with Sales Management data showing 405,900 people by December 31, 1973. The difference between the two was 5.44 percent and approximately 5 months. The source data for the 427,983 population total will tend to over estimate the population due to the building permit influence. The 405,900 estimate tends to undercount the population migrating into the counties each year. We make the simplifying assumption that the amount over estimated is roughly equivalent to the amount under estimated and arrive at a rounded average of 417,000 people in Palm Beach County.



## Technical Appendix 6

### Effective Buying Income and Quintile Method of Household Income Distribution Explained.

Income determines the ability of people to purchase or rent housing.

Income data was converted into 1967 constant dollar terms in order to determine the actual change in household income without the effects of inflation. The average value of the 1970 dollar was \$ .860 and the average year-end 1973 dollar was worth \$ .751.<sup>1</sup> This means that in 1970, \$2,999 was actually worth \$2,579, and by December 1973, the value of \$2,999 had dropped to \$2,252.

The data was then grouped into quintiles of Effective Buying Income ranges. This divided the households into five divisions representing low, moderate, middle, upper middle and upper Effective Buying Income groups for 1970 and 1973. Effective Buying Income, (EBI) is defined as:

Personal income - wages, salaries, interest, dividends profits, and property income - minus federal, state, and local taxes. It includes (1) net cash income; (2) income in kind - payments in non-cash goods and services, such as food and housing; and (3) imputed income, such as food consumed on the farm that produced it, and imputed rent of owner-occupied housing. Effective Buying Income is generally equivalent to the government's "disposable personal income." However, it does not include wages paid to service men stationed overseas.

Effective Buying Income is a bulk measurement of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis.<sup>2</sup>

The regional average net household income increased 15.7 percent from \$8,087 in 1970 to \$9,357 in 1973 (constant dollars). The 1973 current



TABLE 1-A Constant dollar income values

County	year	total households	20% of households	average hsld EBI	quintile 1 \$range	quintile 2 \$range	quintile 3 \$range	quintile 4 \$range	quintile 5 \$range
Broward County	1970	223,200	44,640	\$ 8,933	\$ 0 - 2931	2932 - 5267	\$ 5268 - 7575	\$ 7576 - 11,335	\$ 11,336+
	1974	319,000	63,800	9,697	0 - 3267	3268 - 5639	5640 - 8264	8265 - 12,860	\$ 12,861+
	% chng	+42.9	-	+ 8.5	+11.5	+ 7.0	+ 9.1	+13.4	-
Dade County	1970	429,300	85,860	8,634	0 - 2758	2759 - 5226	5227 - 7604	7605 - 11,145	\$ 11,146+
	1974	508,100	101,620	9,182	0 - 3087	3088 - 5576	5577 - 8087	8088 - 11,952	\$ 11,953+
	% chng	+18.4	-	+ 6.4	+11.9	6.7	+ 6.4	+ 7.2	-
Palm Beach County	1970	123,900	24,780	8,208	0 - 2388	2389 - 4670	4670 - 7082	7083 - 10,762	\$ 10,763+
	1974	152,000	30,400	9,900	0 - 3051	3052 - 5638	5639 - 8494	8495 - 13,445	\$ 13,446+
	% chng	+22.7	-	+20.6	+27.8	+20.7	+19.9	+24.9	-
Martin County *1970 population under counted by Census	1970	10,400*	2,080*	7,626	0 - 2313	2314 - 4393	4394 - 6456	6457 - 9,656	\$ 9,657+
	1974	18,800	3,760	7,318	0 - 2263	2264 - 4305	4306 - 6327	6328 - 9,842	\$ 9,843
	% chng	+80.8*	-	-4.0	-2.2	-2.0	-2.0	+ 1.9	-
Monroe County	1970	18,100	3,620	7,499	0 - 2399	2400 - 4733	4734 - 6657	6658 - 10,001	\$ 10,002+
	1974	18,000	3,600	8,040	0 - 2892	2893 - 5106	5107 - 7236	7237 - 10,749	\$ 10,750+
	% chng	-0.55	-	+ 7.2	+20.6	+ 7.9	+ 8.7	+ 7.5	-
St. Lucie County	1970	16,900	3,380	7,616	0 - 2344	2345 - 4473	4474 - 6640	6641 - 10,532	\$ 10,533+
	1974	20,400	4,080	7,559	0 - 2263	2264 - 4452	4453 - 6745	6746 - 10,492	\$ 10,493+
	% chng	+20.7	-	-.75	-3.5	-.46	+ 1.6	-.99	-
Regional average	1970	136,967	27,393	8,087	0 - 2743	2744 - 5019	5020 - 7395	7396 - 11,574	\$ 11,575
	1974	172,715	34,543	9,357	0 - 3094	3095 - 5567	5568 - 8119	8120 - 12,347	\$ 12,348+
	% chng	+26.1	-	+15.7	+12.8	+11.1	+ 9.8	+ 6.7	-







dollar average household EBI was \$12,460. However, average household Effective Buying Income "...can be misleading, particularly in areas where there is a disproportionate share of college, military and other types of institutional population housed in group quarters not considered households. Because total EBI includes such income, a per household measure would credit households with income not properly theirs."<sup>3</sup>

This means the total EBI in each county is divided by a smaller number of households than those that actually earned the money. This would tend to show the average household EBI higher than it actually is. This explains why the average is not in the third, or middle income group..

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<sup>1</sup> Bureau of Labor Statistics, Atlanta, Georgia, October 1974, phone conversation.

<sup>2</sup> Sales Management, July 8, 1974, p. CS-4.

<sup>3</sup> Sales Management, op. cit., p. CS-3.



## Quintile Method of Income Distribution Analysis

The Suburban Action Institute developed the quintile method of determining income distribution for the State of Pennsylvania in a Study of Exclusion, Vol. I and Vol. II. The method of analysis was developed with the intent "to document the economic status of families within a community and throughout the region to understand the price of housing these households can afford."<sup>1</sup>

The quintile method consists of dividing the population of an area into five equal parts (or quintiles) and determining the income range into which each fifth of the population falls.<sup>2</sup> The income distribution of households by 1970 Effective Buying Income groups in constant dollars for Monroe County is to be used for demonstration purposes. (Note: The following explanation comes directly from the Study of Exclusion, Vol. I in order to explain the method as clearly as possible.)

First, the number of households within each income range is determined and a cumulative number of households column is added.

<u>\$EBI</u>	<u>households</u>	<u>cumulative # hsls.</u>
0 - 2,252	2,772	2,772
2,253 - 3,754	1,944	4,716
3,755 - 6,007	4,140	8,856
6,008 - 7,509	2,376	11,232
7,510 - 11,264	3,672	14,904
11,265 +	3,096	18,000



We divide the total households into five equal parts. In this case they are:

<u>Quintile</u>	<u>Percent</u>	<u>Number</u>	<u>Cumulative #</u>
Quintile 1	20%	3,600	3,600
Quintile 2	20%	3,600	7,200
Quintile 3	20%	3,600	10,800
Quintile 4	20%	3,600	14,400
Quintile 5	20%	3,600	18,000

In order to determine the Effective Buying Income range in dollars within each quintile, we use the cumulative number of households in each quintile. For example, 3,600 households are in the first quintile of Monroe County. We can ascertain that these 3,600 households had incomes between \$0 and at least \$2,252 because 2,772 households are shown in Table 1 to have incomes of at least \$2,252. Furthermore, we can determine that 828 households in the first quintile had EBI ranges greater than \$2,252 by subtracting the 2,772 households with incomes up to \$2,252 from the 3,600 households which compose the first quintile. We know by examining Table 1, that 1,944 households in Monroe County had incomes between \$2,252 and \$3,754 constant dollars in 1973.

We wish to know the income point between \$2,252 and \$3,754 below which the 828 households from the first quintile fall. We estimate this by using the following formula:

$$\frac{3,600 - 2,772}{1,944} (1501) + 2,253 = \$2,892$$



Where:

- 3,600 = households in 1st quintile
- 2,772 = households with EBI below \$2,252
- 1,944 = # households with EBI between \$2,253 and \$3,754
- \$1,501 = income differential or range between \$2,253 and \$3,754
- \$2,253 = base income of range
- 2,892 = income limit of 1st quintile

In other words, the cumulative number of households in a given quintile minus the cumulative number of households which is immediately less than the cumulative quintile number is divided by the number of households in the EBI range within which the quintile figure falls. The resulting fraction is multiplied by the number of dollars in that EBI range and added to the bottom dollar amount of that income range.

The formula for the other quintiles in Monroe County are:

$$Q2 = \frac{7,200 - 4,716}{4,140} (\$2252) + \$3755 = \$ 5,106$$

$$Q3 = \frac{10,800 - 8,856}{2,376} (\$1501) + \$6008 = \$ 7,236$$

$$Q4 = \frac{14,400 - 11,232}{3,672} (\$3754) + \$7510 = \$10,749$$

$$Q5 = \$10,750 +$$

The resulting EBI ranges within which each fifth of Monroe's households fall are:

- Q1 = less than \$2,892
- Q2 = \$2,893 - \$5,106
- Q3 = \$5,107 - \$7,236
- Q4 = \$7,236 - \$10,749
- Q5 = \$10,750 +

1. A Study of Exclusion, Vol. 1, Suburban Action Institute, Tarrytown, N.Y., 1973, p. 160.
2. Ibid., p. 161.





## Technical Appendix 7

### Explanation of difference between persons per household and persons per dwelling unit

Persons per household should not be confused with persons per dwelling unit. Persons per dwelling unit is the total population divided by the total number of dwelling units to show the average number of people that would be in each unit if the population were evenly distributed and no units were vacant. Persons per household is the total population divided by the number of households as defined by the U.S. Census. It is more of a measure of the number of people who actually make up the family unit even if it is a one person household. The fact that there are vacant units is reflected in the persons per household measure.

An example of the difference between the two measures can be seen in Broward County. In 1974, Broward County had an estimated 755,000 people, 319,000 households and 370,000 dwelling units. This would mean the County had an estimated 2.04 persons per dwelling unit ( $755,000/370,000$ ) or 2.37 persons per household ( $755,000/319,000$ ).





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